

THE QUANTUM BEAUTY COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2010

Company Registration Number 04947088

RSM Tenon Limited
Accountants & Business Advisers
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

THE QUANTUM BEAUTY COMPANY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2010

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THE QUANTUM BEAUTY COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JANUARY 2010

The board of directors

G Riddick
P Garton

Business address

200 Brook Drive
Green Park
Reading
Berkshire
RG2 6UB

Registered office

66 Chiltern Street
London
W1U 4JT

Auditor

RSM Tenon Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

Accountants

RSM Tenon Limited
Accountants & Business Advisers
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

Bankers

148-149 Victoria Centre
Nottingham
NG1 3QT

THE QUANTUM BEAUTY COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2010

The directors present their report and the financial statements of the company for the year ended 31 January 2010

Principal activities

The principal activities of the company are the manufacture and distribution of hair care products

Directors

The directors who served the company during the year were as follows

G Riddick

P Garton

(Appointed 1 September 2009)

Financial instruments risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

THE QUANTUM BEAUTY COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2010

Auditor

Our Auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'G Riddick', with a large, stylized flourish extending from the end of the signature.

G Riddick
Director

Approved by the directors on 19 May 2010

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
QUANTUM BEAUTY COMPANY LIMITED****YEAR ENDED 31 JANUARY 2010**

We have audited the financial statements of The Quantum Beauty Company Limited for the year ended 31 January 2010 on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
QUANTUM BEAUTY COMPANY LIMITED (continued)****YEAR ENDED 31 JANUARY 2010**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alistair Hunt, Senior Statutory Auditor
For and on behalf of



RSM Tenon Audit Limited
Statutory Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

19 May 2010

THE QUANTUM BEAUTY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2010

	Note	2010 £	2009 £
Turnover	2	4,556,386	3,967,341
Cost of sales		(2,302,170)	(1,932,298)
Gross profit		<u>2,254,216</u>	<u>2,035,043</u>
Distribution costs		(1,185,741)	(933,415)
Administrative expenses		(1,012,682)	(754,849)
Other operating income	3	56,281	46,313
Operating profit	4	<u>112,074</u>	<u>393,092</u>
Interest receivable		251	12,078
Interest payable and similar charges		(22,758)	(17,451)
Profit on ordinary activities before taxation		<u>89,567</u>	<u>387,719</u>
Tax on profit on ordinary activities	6	(15,536)	(104,010)
Profit for the financial year		<u><u>74,031</u></u>	<u><u>283,709</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 14 form part of these financial statements

THE QUANTUM BEAUTY COMPANY LIMITED

Registered Number 04947088

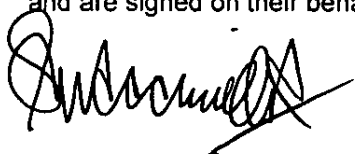
BALANCE SHEET

31 JANUARY 2010

	Note	2010 £	£	2009 £	£
Fixed assets					
Intangible assets	8		—		—
Tangible assets	9		60,189		5,878
			<u>60,189</u>		<u>5,878</u>
Current assets					
Stocks		786,661		700,888	
Debtors	10	1,480,729		1,190,498	
Cash at bank		522,013		377,096	
		<u>2,789,403</u>		<u>2,268,482</u>	
Creditors: amounts falling due within one year	11	<u>(1,841,883)</u>		<u>(1,206,932)</u>	
Net current assets			947,520		1,061,550
Total assets less current liabilities			<u>1,007,709</u>		<u>1,067,428</u>
Creditors: amounts falling due after more than one year	12		<u>(133,750)</u>		<u>(267,500)</u>
			<u>873,959</u>		<u>799,928</u>
Capital and reserves					
Called-up share capital	14		250		250
Share premium account	15		249,750		249,750
Profit and loss account	16		623,959		549,928
Shareholders' funds	17		<u>873,959</u>		<u>799,928</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 19 May 2010, and are signed on their behalf by



G Riddick
Director

The notes on pages 8 to 14 form part of these financial statements

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2010

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

The turnover shown in the profit and loss account represents amounts receivable in respect of goods provided to outside customers during the year, at invoiced amounts less Value Added Tax

Goodwill

Goodwill is the difference between the fair value of the consideration paid on acquisition and the fair value of the assets and liabilities acquired

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows

Goodwill - over 5 years

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Plant & Machinery	- 25% - 33% straight line
Fixtures & Fittings	- 25% - 33% straight line
Motor Vehicles	- 25% - 33% straight line

The cost of tangible fixed assets is the purchase price together with any incidental costs of acquisition

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is measured at purchase price, calculated on a first in, first out basis

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2010

1. Accounting policies *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Royalties receivable

Royalties receivable are accounted for on an accruals basis.

Employee benefit trusts

Trusts have been established for the benefit of Company employees and certain of their dependents. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

2. Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax. During the year 18% (2009: 15%) of turnover was attributable to sales outside of the United Kingdom.

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2010

3. Other operating income

	2010	2009
	£	£
Royalties receivable	<u>56,281</u>	<u>46,313</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Amortisation of intangible assets	–	98,000
Depreciation of owned fixed assets	5,466	5,921
Auditor's fees	6,230	5,900
Net profit on foreign currency translation	<u>(366)</u>	<u>–</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Aggregate remuneration	395,843	128,954
Value of company pension contributions to money purchase schemes	<u>23,118</u>	<u>10,000</u>
	<u>418,961</u>	<u>138,954</u>

Remuneration of highest paid director:

	2010	2009
	£	£
Total remuneration (excluding pension contributions)	232,906	–
Value of company pension contributions to money purchase schemes	<u>23,118</u>	<u>–</u>
	<u>256,024</u>	<u>–</u>

The number of directors on whose behalf the company made pension contributions was as follows

	2010	2009
	No	No
Money purchase schemes	<u>2</u>	<u>1</u>

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2010

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2010	2009
	£	£
UK Corporation tax	15,118	104,428
Over provision in prior year	418	(418)
	<u>15,536</u>	<u>104,010</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2009 28%)

	2010	2009
	£	£
Profit on ordinary activities before taxation	<u>89,567</u>	<u>387,719</u>
Profit on ordinary activities by rate of tax	18,809	108,561
Effects of		
Expenses not deductible for tax purposes	1,559	(3,243)
Depreciation in excess of capital allowances	(5,250)	680
Adjustments to tax charge in respect of previous periods	418	(418)
Group relief	-	(2,668)
Change in tax rate	-	1,210
Marginal relief	-	(112)
Total current tax (note 6(a))	<u>15,536</u>	<u>104,010</u>

(c) Factors that may affect future tax charges

There are no factors which are expected to significantly affect future tax charges

7. Dividends

Equity dividends

	2010	2009
	£	£
Paid during the year		
Equity dividends on ordinary shares	<u>-</u>	<u>30,000</u>

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2010

8. Intangible fixed assets

	Goodwill £
Cost	
At 1 February 2009 and 31 January 2010	<u>490,000</u>
Amortisation	
At 1 February 2009 and 31 January 2010	<u>490,000</u>
Net book value	
At 31 January 2010	<u>-</u>
At 31 January 2009	<u>-</u>

9. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 February 2009	22,904	4,149	-	27,053
Additions	<u>8,808</u>	<u>-</u>	<u>50,969</u>	<u>59,777</u>
At 31 January 2010	<u>31,712</u>	<u>4,149</u>	<u>50,969</u>	<u>86,830</u>
Depreciation				
At 1 February 2009	19,469	1,706	-	21,175
Charge for the year	<u>1,575</u>	<u>854</u>	<u>3,037</u>	<u>5,466</u>
At 31 January 2010	<u>21,044</u>	<u>2,560</u>	<u>3,037</u>	<u>26,641</u>
Net book value				
At 31 January 2010	<u>10,668</u>	<u>1,589</u>	<u>47,932</u>	<u>60,189</u>
At 31 January 2009	<u>3,435</u>	<u>2,443</u>	<u>-</u>	<u>5,878</u>

10. Debtors

	2010 £	2009 £
Trade debtors	1,127,881	811,224
Amounts owed by group undertakings	288,394	289,431
VAT recoverable	-	5,884
Other debtors	<u>64,454</u>	<u>83,959</u>
	<u>1,480,729</u>	<u>1,190,498</u>

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2010

11. Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	1,099,929	878,214
Amounts owed to group undertakings and undertakings in which the company has a participating interest	267,500	133,750
Corporation tax	107,102	104,010
Other taxation and social security	28,644	10,242
Other creditors	338,708	80,716
	<u>1,841,883</u>	<u>1,206,932</u>

12. Creditors: amounts falling due after more than one year

	2010 £	2009 £
Amounts owed to undertakings in which the company has a participating interest	<u>133,750</u>	<u>267,500</u>

13. Related party transactions

Romella Holdings is considered to be a related party due to its shareholding in the ultimate parent company. During the year interest of £22,758 has been charged to the profit and loss account in respect of a loan from Romella Holdings AB by way of its intercompany account. The total balance on the loan is £401,250 and is included within creditors. The loan is repayable in annual instalments ending on 31st January 2012 and bears fixed interest at 5% per annum calculated in arrears.

During the year the company made sales of £346,183 (2009 £441,443) to and purchases of £6,787 (2009 £nil) from Romella International AB, a related party by virtue of common shareholdings. All transactions were undertaken on normal commercial terms and at arm's length. At the year end £nil (2009 £34,769) was due from Romella International AB.

Included within debtors is an amount of £288,394 (2009 £289,431) due from QBC Holdings Limited, the parent company.

14. Share capital

Allotted, called up and fully paid.

	2010 No	£	2009 No	£
250 Ordinary shares of £1 each	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>

15. Share premium account

There was no movement on the share premium account during the financial year.

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2010

16. Profit and loss account

	2010	2009
	£	£
Balance brought forward	549,928	296,219
Profit for the financial year	74,031	283,709
Equity dividends	—	(30,000)
Balance carried forward	<u>623,959</u>	<u>549,928</u>

17. Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit for the financial year	74,031	283,709
Equity dividends	—	(30,000)
Net addition to shareholders' funds	<u>74,031</u>	<u>253,709</u>
Opening shareholders' funds	799,928	546,219
Closing shareholders' funds	<u>873,959</u>	<u>799,928</u>

18. Ultimate controlling party

The Quantum Beauty Company Limited is owned 100% by QBC Holdings Limited, registered in England. The ultimate parent company of The Quantum Beauty Company Limited is QBC Holdings Limited.

The directors do not consider there to be a controlling party.

19. Post balance sheet events

Since the year end, an Employee Benefit Trust has been acquired to assist in the reward and motivation of the company's employees.

THE QUANTUM BEAUTY COMPANY LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 JANUARY 2010

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5**

THE QUANTUM BEAUTY COMPANY LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2010

	2010		2009	
	£	£	£	£
Turnover		4,556,386		3,967,341
Cost of sales				
Purchases	3,088,831		2,633,186	
Closing stock - finished goods	<u>(786,661)</u>		<u>(700,888)</u>	
		(2,302,170)		(1,932,298)
Gross profit		2,254,216		2,035,043
Overheads				
Distribution costs	1,185,741		933,415	
Administrative expenses	<u>1,012,682</u>		<u>754,849</u>	
		(2,198,423)		(1,688,264)
		55,793		346,779
Other operating income				
Royalties receivable		<u>56,281</u>		<u>46,313</u>
Operating profit		112,074		393,092
Bank interest receivable		<u>251</u>		<u>12,078</u>
		112,325		405,170
Interest payable		<u>(22,758)</u>		<u>(17,451)</u>
Profit on ordinary activities		<u>89,567</u>		<u>387,719</u>

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2010

	2010		2009
	£	£	£
Distribution costs			
Equipment rental	39,170		22,484
Freight	3,707		2,683
Agents commission	269,061		250,629
Company advertising	71,067		26,000
Promotions and public relations	743,635		585,105
Product development	53,908		38,553
Sales aids	5,193		7,961
	<u>1,185,741</u>		<u>933,415</u>
Administrative expenses			
Personnel costs			
Wages and salaries	567,011	301,554	
Staff national insurance contributions	39,246	34,092	
Staff pension contributions	40,233	22,565	
		646,490	358,211
Establishment expenses			
Rent and rates	67,574	61,861	
Insurance	34,128	19,698	
		101,702	81,559
General expenses			
Vehicle costs	14,709	12,142	
Travel and subsistence	23,159	11,843	
Communications	26,017	26,183	
Printing, postage and stationery	5,384	7,653	
Employee benefits	3,918	3,304	
Trade subscriptions	454	1,256	
Legal and professional fees	72,643	64,703	
Accountancy	8,689	2,810	
Auditors remuneration	8,300	7,900	
Amortisation	—	98,000	
Depreciation	1,575	5,921	
Depreciation of motor vehicles	3,037	—	
Depreciation of office equipment	854	—	
		168,739	241,715
Financial costs			
Bad debts written off	1,013	(15,000)	
Settlement discount	93,507	87,164	
Bank charges	1,597	1,200	
Foreign currency gains	(366)	—	
		95,751	73,364
	<u>1,012,682</u>		<u>754,849</u>
Interest receivable			
Bank interest receivable		251	12,078

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2010

	2010	2009
	£	£
Interest payable		
Interest payable	—	14
Interest on other loans	22,758	17,437
	<u>22,758</u>	<u>17,451</u>